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October 7, 2014

Mr. John Buyce  
Audit Director  
NYS Office of the State Comptroller  
110 State Street  
Albany, New York 12236

Dear Mr. Buyce:

Enclosed is the Office of the Medicaid Inspector General's (OMIG) report, as required by Section 170 of the New York State Executive Law, in response to the Office of the State Comptroller's (OSC) final Audit Report 2013-S-29. As noted in the enclosed report, OMIG had already implemented each of the three recommendations made by OSC prior to the commencement of this audit.

If you have any questions, or would like to discuss, please do not hesitate to contact me at (518) 473-3782.

Sincerely,

James C. Cox  
Medicaid Inspector General

Enclosure



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**Unit Name:** Office of the Medicaid Inspector General  
**Audit Report Title:** Accuracy of Reported Cost Savings  
**Audit Report Number:** 2013-S-29

As noted below, the Office of the Medicaid Inspector General (OMIG) had already identified and addressed each of the Office of the State Comptroller's (OSC) Audit Recommendations prior to the onset of this audit.

**Office of the State Comptroller Audit Recommendations**

**Recommendation #1**

*Perform a full review of cost savings activities to identify and correct inconsistencies and inaccuracies in methodologies.*

Implementation Plan of Action

Already implemented.

OMIG had already undertaken a full review of its cost savings activities well before the OSC audit commenced. OMIG has also created a Cost Savings Workgroup to ensure continued improvements to its processes. This Workgroup is comprised of managers and staff from OMIG's Executive, Administrative, and System Utilization Review Divisions, as well as from the Office of Risk Management, Bureau of Quality Assurance, and Bureau of Fiscal Management. Meetings are conducted quarterly; but, can also be held as needed if issues arise that require immediate attention.

**Recommendation #2**

*Routinely take steps to identify changes in the Medicaid program that impact cost savings activities and update cost savings methodologies when needed to ensure consistency among all cost savings methodologies.*

Implementation Plan of Action

Already implemented.

OMIG had already undertaken a full review of its cost savings activities well before the OSC audit commenced. OMIG's Cost Savings Workgroup will continue to review proactively the agency's cost savings initiatives.

**Recommendation #3**

*Improve communication among managers responsible for cost savings calculations and use their collective input to help routinely identify inconsistencies and refine methodologies.*

Implementation Plan of Action

Already implemented.

The Cost Savings Workgroup reviews methodologies, and facilitates communication among all managers responsible for developing and implementing cost savings initiatives.